GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4592
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Financial Inclusion
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Will the Minister of FINANCE be pleased to state:

(a) whether there are differences between rural and urban financial inclusion in the country and if so, the details thereof;

(b) whether the Government has any plans to improve the financial inclusion in rural areas and if so, the details thereof;

(c) whether the microfinance initiatives have any positive impact on rural and urban economy and financial inclusion; and

(d) if not, the steps taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) and (b) As per the advice of Reserve Bank of India, domestic commercial banks have devised a three year financial inclusion plan congruent with their business strategy and comparative advantage to make it an integral part of their corporate plans. These plans broadly include self-set targets in respect of rural brick and mortar branches opened; business correspondents (BC) employed; coverage of unbanked villages with population above 2000 as also other unbanked villages with population below 2000 through branches/Business Correspondents (BCs)/other modes; no-frill accounts opened including through Business Correspondent − Information Communication Technology (BC-ICT); Kisan Credit Cards (KCC) and General Credit Cards (GCC) issued.
The domestic Scheduled Commercial Banks (SCBs) have been mandated in the Monetary Policy Statement − April 2011 to open at least 25 per cent of their total number of branches to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres. Further, banks have been advised in the Monetary Policy Statement of May 2013 to front−load the opening of branches in unbanked rural centres over a 3 year cycle co−terminus with their Financial Inclusion Plan (FIP) (2013-16). Credit will be given for branches opened in unbanked rural centres in excess of 25 percent in a year which will be carried forward to the subsequent year of the FIP.
Further, with a view to increase banking penetration and promoting financial inclusion with the main objective of covering all households with at least one bank account per household across the country, a National Mission on Financial Inclusion named as Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched on 28th August, 2014 at national level by Hon'ble Prime Minister. Under the Yojana 22.65 crore accounts (Rural − 13.93 crore and Urban - 8.72 crore) have been opened till 27.07.2016 and 99.99% households out of the 21.22 crore households surveyed have been covered.
(c) and (d) The micro finance initiatives have resulted in generating income and alleviating poverty through creation of livelihood opportunities for the rural households. It has led to generation of self-employment opportunities for the rural poor. The provision of intensive training for skill building, backward-forward linkages and handholding with complete value chain solutions has led to increase in agriculture production, thus enhancing income levels in rural areas. It has also led to a change in consumption pattern. The spillover effects have been observed in terms of medical facilities availability, education, sanitation etc. Besides, Government has implemented the Pradhan Mantri Mudra Yojana (PMMY) since April, 2015 to promote & ensure finance to the unfunded and underfunded segments of the economy wherein Micro Finance Institutions (MFIs) have played a significant role. As on 10.08.2016, Rs.15,518 crore has been sanctioned to 76,23,255 borrowers by MFIs.
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